

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1827-01
Bill No.: HB 803
Subject: Criminal Procedure; Law Enforcement Officers and Agencies; Probation and Parole
Type: Original
Date: March 31, 2011

Bill Summary: This proposal eliminates the payment of an intervention fee as a condition of parole.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Inmate Revolving	(\$3,600,000)	(\$4,300,000)	(\$4,300,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$3,600,000)	(\$4,300,000)	(\$4,300,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Corrections (DOC)** state this bill proposes to prohibit the payment of an intervention fee as a condition of parole.

Passage of this proposal would eliminate the collection of intervention fees from parolees. The amount collected per offender is not to exceed \$60 per month (or \$720 per annum); however, the DOC only charges \$30 per month, totaling \$360 per year. Currently there are between approximately 18,000 and 19,000 parolees and although the collection rate is less than 100%, the potential exists for a substantial negative fiscal impact should this bill pass into law.

Parole intervention fees are currently paid into the Inmate Revolving Fund (IRF). The IRF is used to benefit offenders in the community by paying for the Electronic Monitoring Program, Residential Facilities and Substance Abuse Treatment, etc. Passage of this proposed legislation has the potential to require General Revenue Fund (GR) expenditures to cover the loss of the IRF for these critical areas.

In summary, the potential fiscal impact for the DOC's IRF is unknown but substantial and expected to exceed \$100,000 per each fiscal year. Any GR effect would begin in the year following passage of this proposal due to the appropriation process's timeline.

According to the Intervention Fee FAQ (6/8/2009) report issued by the Department of Corrections, the total amount collected from April 2006 (inception of the fee) - June 2009 was \$51,009,253 with the total amount billed in that time of \$71,440,105 (71% collection rate). The fees are processed by a vendor (Fieldware, llc) who receives 10% of the amount collected. According to reports provided by Fieldware, the Inmate Revolving Fund received \$13.5 million in FY 2008, \$12.1 million in FY 2009 and \$11.08 million in FY 2010 in intervention fees.

The DOC assumes the proposal eliminates the intervention fees from parolees and **not** from probationers.

Oversight will utilize DOC's estimate of approximately 19,000 parolees. If each parolee pays \$30 per month to the vendor and the vendor retains 10% of collections, this proposal would result in a loss of approximately \$4.3 million ($19,000 \times \$30 \times 12 \text{ months} \times 71\% \text{ collection rate} \times 90\% \text{ after paying vendor}$) per year to the state's Inmate Revolving Fund. Oversight assumes the General Revenue Fund making up the loss to the Inmate Revolving Fund would be a budgetary decision, and has not reflected that possibility in this fiscal note. Oversight will reflect ten months of impact in FY 2012.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
INMATE REVOLVING FUND			
<u>Loss</u> - Intervention fees no longer collected from parolees	<u>(\$3,600,000)</u>	<u>(\$4,300,000)</u>	<u>(\$4,300,000)</u>
ESTIMATED NET EFFECT TO THE INMATE REVOLVING FUND	<u>(\$3,600,000)</u>	<u>(\$4,300,000)</u>	<u>(\$4,300,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

A loss of income would be expected to a single small business in Missouri who collects the intervention fees as a result of this proposal.

FISCAL DESCRIPTION

This bill removes the provision allowing the Board of Probation and Parole within the Department of Corrections to charge an offender an intervention fee as a condition of parole.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Department of Corrections

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 31, 2011